

AMENDED IN ASSEMBLY APRIL 8, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 153**

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**Introduced by Assembly Member Bonilla**

January 18, 2013

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An act to add Part 8 (commencing with Section 38600) to Division 25.5 of the Health and Safety Code, relating to greenhouse gases.

LEGISLATIVE COUNSEL'S DIGEST

AB 153, as amended, Bonilla. California Global Warming Solutions Act of 2006: offsets.

The California Global Warming Solutions Act of 2006 requires the State Air Resources Board to adopt regulations to require the reporting and verification of emissions of greenhouse gases and to monitor and enforce compliance with the reporting and verification program, and requires the state board to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. The act requires the state board to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions. The act authorizes the state board to include the use of market-based compliance mechanisms.

This bill, if the state board uses its authority to include the use of market-based compliance mechanisms, would require the state board, on or before January 1, ~~2014~~ 2015, to adopt a specified process for the review and consideration of new offset protocols and, commencing in 2014 and continuing annually thereafter, use that process to review and consider new offset protocols. *The bill would require the state board to adopt guidelines and incentives that prioritize the approval of*

*specified offset protocols. The bill would require the state board to submit a specified annual report to the Legislature.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
 State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The California Global Warming Solutions Act of 2006
- 4 (Division 25.5 (commencing with Section 38500) of the Health
- 5 and Safety Code) requires the state to reduce greenhouse gas
- 6 emissions to 1990 levels by 2020.
- 7 (b) On October 20, 2011, the State Air Resources Board adopted
- 8 the final cap-and-trade regulation pursuant to the act, to become
- 9 effective January 1, 2012, as required by that act, and also adopted
- 10 Resolution 11-32 to require that its executive officer develop
- 11 implementation documents laying out the process for the review
- 12 and consideration of new offset protocols.
- 13 (c) The cap-and-trade regulation is part of the state’s global
- 14 warming scoping plan and is intended to provide covered entities
- 15 under the act the flexibility to seek out and implement the
- 16 lowest-cost options to reduce greenhouse gas emissions and will
- 17 provide an estimated 20 percent of the emissions reductions
- 18 required to achieve 1990 emission levels by 2020, as required by
- 19 the act.
- 20 (d) The cap-and-trade regulation allows offset credits to be used
- 21 as a means by which parties subject to the regulation can lower
- 22 their cost to comply with the regulation while still ensuring a
- 23 reduction of greenhouse gas emissions and caps the use of offset
- 24 credits at no more than 8 percent of a covered entity’s compliance
- 25 obligation.
- 26 (e) The State Air Resources Board has adopted four compliance
- 27 offset protocols for use in the United States that can be used to
- 28 certify high-quality offset credits that are additional, real,
- 29 permanent, quantifiable, verifiable, and enforceable as required
- 30 by the California Global Warming Solutions Act of 2006:
- 31 Livestock Manure projects, Urban Forests projects, Ozone
- 32 Depleting Substances Destruction projects, and Forests projects.

1 (f) While a state comprehensive offset protocol review process  
2 would provide more certainty for carbon dioxide offset suppliers  
3 and purchasers to invest in environmentally worthwhile projects  
4 that meet certain criteria under the California Global Warming  
5 Solutions Act of 2006, it is the intent of the Legislature that only  
6 high-quality offset credits that represent rigorously evaluated offset  
7 protocols and that meet the statutory requirements of the act be  
8 allowed for compliance with the cap-and-trade regulation.

9 SEC. 2. Part 8 (commencing with Section 38600) is added to  
10 Division 25.5 of the Health and Safety Code, to read:

11  
12 PART 8. CERTIFICATION OF COMPLIANCE OFFSETS

13  
14 38600. (a) On or before January 1, ~~2014~~ 2015, if the state  
15 board has exercised its authority pursuant to subdivision (a) of  
16 Section 38570, the state board, in accordance with Section 38571,  
17 shall adopt a process for the review and consideration of new offset  
18 protocols. The process shall include, but not be limited to, all of  
19 the following:

20 (1) A schedule, to be posted on the state board's Internet Web  
21 site, that depicts the timeline for review and consideration of new  
22 offset protocols by the state board. This schedule shall be updated  
23 regularly and at least annually.

24 (2) An online tracking system that will allow the public to track  
25 the progress of new offset protocols under review and consideration  
26 by the state board.

27 ~~(3) A point of contact at the state board for entities interested~~  
28 ~~in the process of review and consideration of new offset protocols~~  
29 ~~by the state board.~~

30 ~~(4)~~

31 (3) An explanation of how the review and consideration process  
32 will accommodate public input and comments on new offset  
33 protocols under consideration.

34 ~~(5)~~

35 (4) An explanation of the criteria used for consideration of new  
36 offset protocols, including, but not limited to, a description of the  
37 standards for protocol approval, rejection, and delay. This  
38 description also shall include, to the extent feasible, a description  
39 of the social, environmental, and financial impacts analysis used

1 in making offset protocol decisions as well as an estimate of  
2 potential supply and expected development costs.

3 (b) Commencing in 2014, and continuing annually thereafter,  
4 if the state board has exercised its authority pursuant to subdivision  
5 (a) of Section 38570, the state board shall use the process adopted  
6 pursuant to subdivision (a) to review and consider new offset  
7 protocols.

8 (c) *The state board shall establish incentives and guidelines*  
9 *that prioritize the approval of offset protocols, in the following*  
10 *order, that result in the following:*

11 (1) *The creation of green jobs in the state and the reduction of*  
12 *greenhouse gas emissions in the state.*

13 (2) *Air quality benefits in California communities*  
14 *disproportionately impacted by air pollution, as determined by*  
15 *the state board.*

16 (3) *Cobenefits to public health and the environment anywhere*  
17 *in the state.*

18 (d) (1) *Notwithstanding Section 10231.5 of the Government*  
19 *Code, the state board shall submit to the appropriate committees*  
20 *of the Legislature an annual report on the status of the offset*  
21 *supply.*

22 (2) *A report to be submitted pursuant to paragraph (1) shall be*  
23 *submitted in compliance with Section 9795 of the Government*  
24 *Code.*